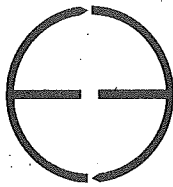


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October 18, 2010

Mr. Mark Cowin, Director
California Department of Water Resources
P.O. Box 942836, Room 1115-1
Sacramento, CA 94236-0001

**Re: October 7, 2010 Draft Regulations to Implement Process Water Provisions
of SB x7 7 (Steinberg, Chapter 4, Statutes of 2009)**

Dear Mr. Cowin:

The California Council for Environmental and Economic Balance (CCEEB) is a non-partisan, non-profit coalition of business, labor, and public leaders that advances balanced policies for a strong economy and a healthy environment.

CCEEB is writing to express significant concerns about the development of regulations to implement the process water provisions of SB x7 7. As proposed there is no obvious protection for utilities (power, gas, and telecom) in the proposed regulations. CCEEB's concern is that utilities could be required to cut water use for necessary operations like, servers, data centers, chillers, hydro test operations, even compressor stations and power plants. Water use is essential for these types of facilities that serve the public and public health. Cuts in critical areas may not be possible to implement.

The regulation protects "industrial water users" from having to reduce water use associated with their "processes." Industrial water users are narrowly defined by the NAICS codes 31 to 33. CCEEB would like to see the same type of protection, that is granted to manufacturers also granted to utilities in order to maintain and preserve the vital role this sector provide to the State of California. It is important to protect, through explicit inclusion of sectors defined in NAICS 22 and 517 in order to capture data centers for services not just manufacturing and R&D.

Thank you for considering our comments. If you would like to discuss these comments further, please contact Bob Lucas at 916-444-7337.

Sincerely,

Robert W. Lucas
Waste & Water Quality Project Manager

Gerald D. Secundy
President

cc: Jackson Gualco, The Gualco Group, Inc.